

1 **33 Pages**

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10 SUMMERFIELD APARTMENTS IN DIXON, LLC

11 UNITED STATES BANKRUPTCY COURT  
12 EASTERN DISTRICT OF CALIFORNIA

13 In Re:

14 Case No. 09-26417

15 SUMMERFIELD APARTMENTS  
16 IN DIXON, LLC,

17 WFH-4

18 Debtor,

19 **DEBTOR'S PLAN OF REORGANIZATION, DATED JUNE 3, 2009**

20 **ARTICLE 1**

21 **SUMMARY**

22 This Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the  
23 "Code") proposes to pay creditors of **Summerfield Apartments in Dixon, LLC** (the "Debtor")  
24 from future income and the eventual sale or refinancing of Debtor's primary asset.

25 This Plan provides for five classes of secured claims; three classes of unsecured claims;  
26 and one class of equity security holders. Unsecured creditors holding allowed claims will receive  
27 distributions, which the proponent of this Plan has valued at approximately 100 cents on the  
28 dollar. This Plan also provides for the payment of administrative and priority claims (to the extent

permitted by the Code or the claimant's agreement)

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

## ARTICLE 2

## CLASSIFICATION OF CLAIMS AND INTERESTS

2.1 Class 1. All allowed claims entitled to priority under § 507 of the Code (except administrative expense claims under § 507(a)(2), and priority tax claims under § 507(a)(8)).

2.2 Class 2(a). The claim of Charles Lomeli, Tax Collector for Solano County, secured by property taxes on Debtor's property.

2.3 Class 2(b). The claim of Bank of Sacramento (and its participant, Pacific Coast Bankers Bank) secured by a senior deed of trust on Debtor's property, to the extent allowed as a secured claim under § 506 of the Code.

2.4 Class 2(c). The claim of Bank of Sacramento (and its participant, Pacific Coast Bankers Bank) secured by a junior priority deed of trust on Debtor's property, to the extent allowed as a secured claim under § 506 of the Code.

2.5 Class 2(d). The claim of Meadowood Village of Dixon Association, a California non-profit mutual benefit corporation.

2.6 Class 2(e). The claims of (i) D&D Custom Cabinets and (ii) Cal Roofing Systems, Inc. secured by mechanics' liens on Debtor's real property, to the extent allowed as a secured claim under § 506 of the Code.

2.7 Class 3(a). All unsecured claims allowed under § 502 of the Code in an amount less than or equal to an aggregate of \$750 per claimant, except Class 3(b) claims

2.8 Class 3(b). All unsecured claims allowed under § 502 of the Code, except Class 3(a) claims and Class 3(c) claims.

2.9 Class 3(c). The unsecured portion, if any, of the Class 2(b) and 2(c) claims

## 2.10 Class 4. Equity interests in the Debtor.

## ARTICLE 3

# **TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS**

3.1 Unclassified Claims. Under section §1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.2 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. Notwithstanding the foregoing, Debtor may defer payment of any administrative claim of Frank Andrews to April 1, 2012.

3.3 Priority Tax Claims. Each holder of a priority tax claim will be paid equally amortized quarterly installments, commencing the end of the calendar quarter that begins immediately after the Effective Date, over a period of 5 years from the commencement of the case; provided, however, priority tax claims will be due in full on the earliest of the date on which Class 3(a), Class 3(b) or Class 3(c) claims are to be paid.

3.4 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

## ARTICLE 4

## **TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

4.01 Claims and interests shall be treated as follows under this Plan:

| Class  | Impairment  | Treatment   |
|--|-------------|---|
| Class 1 – Priority Claims  | unimpaired. | Class 1 is unimpaired by this Plan, and each holder of a Class 1 Priority Claim will be paid in full, in cash, upon the later of the effective date of this Plan as defined in Article VII, or the date on which such claim is allowed by a final non appealable order. |
| Class 2(a) – Secured Claim of Charles Lomelli, Solano County Tax Collector | unimpaired. | Class 2(a) will retain all of its rights and remedies provided under applicable non-bankruptcy law.   |
| Class 2(b) Bank of Sacramento (and its participant,                        | impaired    | Class 2(b) will retain all of its liens under applicable non-bankruptcy law, but will be enjoined from exercising its rights and remedies until the earlier of (1) breach of a material term of this Plan, which  |

|    |  |            |  |
|----|--|------------|--|
| 1  | Pacific Coast<br>Bankers Bank)<br>secured by a<br>senior deed of<br>trust on Debtor's<br>property                  |            | remains uncured for 30 days following written<br>notice of breach, or (2) April 1, 2012. The Class<br>2(b) claimant shall file a proof of claim within 60<br>days of the occurrence of the effective date, setting<br>forth the amount of the Class 2(b) claim as of the<br>effective date. The Class 2(b) claim shall accrue<br>interest on the allowed amount of the Class 2(b)<br>claim at the applicable non-default interest set forth<br>in the prepetition loan documents between Debtor<br>and Bank of Sacramento. The holder of the Class<br>2(b) claim shall receive monthly installment<br>payments, commencing on October 1, 2010 and<br>payable on the first day of each month thereafter, in<br>the amount of \$33,783. The unpaid balance of the<br>Class 2(b) claim shall be due and payable on April<br>1, 2012. Debtor shall not be liable for any<br>prepayment penalty for payment of the claim prior<br>to April 1, 2012. |
| 11 |  |            | Debtor shall be authorized, but not required, to sell<br>condominium units individually or in bulk prior to<br>or after April 1, 2012. The holder of the Class 2(b)<br>claim shall release its liens on any and all<br>condominium units that Debtor elects to sell,<br>subject to the requirements and provisions set forth<br>on Exhibit 2.  |
| 15 | Class 2(c)<br>Bank of<br>Sacramento<br>secured by a<br>junior priority<br>deed of trust on<br>Debtor's<br>property | impaired   | Class 2(c) will retain all of its liens under<br>applicable non-bankruptcy law, but will be enjoined<br>from exercising its rights and remedies until the<br>earlier of (1) breach of a material term of this Plan,<br>which remains uncured for 30 days following<br>written notice, or (2) April 1, 2012. The Class 2(c)<br>claimant shall file a proof of claim within 60 days of<br>the occurrence of the effective date, setting forth the<br>amount of the Class 2(c) claim as of the effective<br>date. The Class 2(c) claim shall accrue interest at<br>the applicable non-default interest set forth in the<br>prepetition loan documents between Debtor and<br>Bank of Sacramento. The unpaid balance of the<br>Class 2(c) claim shall be due and payable on April<br>1, 2012. Debtor shall not be liable for any<br>prepayment penalty for payment of the claim prior<br>to April 1, 2012.  |
| 24 |  |            | Debtor shall be authorized, but not required, to sell<br>condominium units individually or in bulk prior to<br>or after April 1, 2012. The holder of the Class 2(c)<br>claim shall release its liens on any and all<br>condominium units that Debtor elects to sell,<br>subject to the requirements and provisions set forth<br>on Exhibit 2.  |
| 28 | Class 2(d)<br>Meadowood  | unimpaired | Class 2(d) will retain all of its rights and remedies<br>provided under applicable non-bankruptcy law. The   |

|   |   |          |   |
|---|---|----------|---|
| 1 | Village of Dixon<br>Association, a<br>California non-<br>profit mutual<br>benefit<br>corporation. |          | Class 2(d) claim will be paid in the ordinary course through performance of the executory contracts and obligations assumed pursuant to paragraph 6.1.1.  |
| 2 | Class 2(e) – (i)<br>D&D Custom<br>Cabinets and (ii)<br>Cal Roofing<br>Systems, Inc.               | impaired | Class 2(e) shall be deemed to have valid mechanics' liens on Debtor's real property. Class 2(e) shall retain its rights and remedies under state law, but shall be enjoined from exercising those rights and remedies until April 1, 2012.  |
| 3 |   |          | Debtor shall be authorized, but not required, to sell condominium units individually or in bulk prior to or after April 1, 2012. The holders of the Class 2(e) claims shall release their liens on any and all condominium units that Debtor elects to sell, subject to the requirements and provisions set forth on Exhibit 2. |
| 4 | Class 3(a) –<br>Convenience<br>Class  | impaired | Holders of Class 3(a) claims shall receive payment in full, without interest, on or before November 1, 2009   |
| 5 | Class 3(b) –<br>General<br>Unsecured<br>Creditors   | impaired | Class 3(b) claims shall accrue interest at the rate of 8% per annum simple interest. Class 3(b) claims shall be due and payable in full on April 1, 2012.   |
| 6 | Class 3(c)<br>Deficiency<br>Claims  | impaired | Class 3(c) claims, to the extent allowable under applicable non-bankruptcy law, shall be due and payable on April 1, 2012.  |
| 7 | Class 4 – Equity<br>Security Holders<br>of the Debtor   | impaired | Holders of Class 4 equity interests shall retain their equity interests, but their equity interest will be reduced to 85% of the membership interests in Debtor. Debtor will obtain a capital contribution of \$161,000 in exchange for an 15% membership interest in Debtor.   |

## ARTICLE 5

### ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.1 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.2 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

5.3 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

## ARTICLE 6

## **PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

## 6.1 Assumed Executory Contracts and Unexpired Leases.

6.1.1 The Debtor assumes all post-petition executory contracts and the following executory contracts and/or unexpired leases effective upon the effective date of this Plan as provided in Article VII:

**a. Lease of laundry space and equipment between Debtor and Coinmatch Corporation.**

b. Subsidy contract between Debtor and Meadowood Village of Dixon Association, a California mutual benefit corporation, as amended.

**c. Meadowood Village Grant of Easement and Maintenance Agreement.**

**d. Declaration of Annexation of Meadowood Village Phase 2 & Amendment to Meadowood Village Declaration of Restrictions, Amended and Restated.**

e. Working Capital Fund Agreement between Debtor and Meadowood Village of Dixon Association, a California mutual benefit corporation, as amended.

6.1.2 The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the effective date of this Plan. A proof of a claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

## ARTICLE 7

## **GENERAL PROVISIONS**

7.1 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan, and they are supplemented by the following definitions:

### 7.1.1 Omitted.

7.2 Effective Date of Plan. The effective date of this Plan is the later of (i) the eleventh business day following the date of the entry of the order of confirmation or (ii)

November 1, 2009. But if a stay of the confirmation order is in effect on that date, the effective date will be the first business day after that date on which no stay of the confirmation order is in effect, provided that the confirmation order has not been vacated.

7.3 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

7.4 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon, and will inure to the benefit of the successors or assigns of such entity.

7.5 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

7.6 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of California govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

7.7 Corporate Governance. Debtor shall be prohibited from issuing non-voting equity securities until all prepetition claims have been paid in full.

## ARTICLE 8

## DISCHARGE

8.1 Discharge. On the Effective Date of this Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, subject to the occurrence of the effective date, to the extent specified in § 1141(d)(1)(A) of the Code, except that the Debtor will not be discharged of any debt: (i) imposed by this Plan; or (ii) of a kind specified in § 1141(d)(6)(B).

## ARTICLE 9

## OTHER PROVISIONS

9.1 Revesting of Title. Except as provided in the plan or in the confirmation order, on the effective date, debtor shall be vested with all of the property of the estate of debtor free and clear of all claims, liens, charges and other interests of creditors arising prior to the filing date except for those liens specifically described in this Plan. After confirmation, debtor shall be entitled to liquidate its assets free of any restrictions of the Bankruptcy Code based on the pendency of the Chapter 11 Case.

## 9.2 Means for Implementation of the plan:

1                   9.2.1 Debtor shall be authorized to lease all or any part of its real property on  
2 terms deemed, in the sole discretion of debtor, to be in debtor's best interests. Debtor shall be  
3 authorized to retain professionals and others, including, but not limited to, property management  
professionals and leasing agents, to assist Debtor in leasing its real property.

4                   9.2.2 Debtor shall deposit in a segregated account all rents and other proceeds of  
5 the real property in which secured creditors have a prepetition lien. The prepetition liens of  
secured creditors shall continue to attach to the funds in the segregated account.

6                   9.2.3 Unless Debtor is in material default under the terms of this Plan and such  
7 default is not cured within 30 days of notice of such default from any secured creditor, Debtor  
shall be authorized to make disbursement from the segregated account for all of the following:

8                   9.2.3.1 Costs of operating the debtor's real property complex set forth  
9 on Exhibit 1 hereto, including, but not limited to, costs of the property manager and leasing agent,  
10 costs under any agreement with the homeowners association, and all maintenance and repair  
costs.

11                  9.2.3.2 Costs of completing construction on any portion of the debtor's  
12 real property complex in an amount not to exceed the costs set forth on Exhibit 1 hereto;

13                  9.2.3.3 Payment of Class 2(a), 2(b), 2(d) and 3(a) claims;

14                  9.2.3.4 Payment of administrative claims, except administrative claims  
15 owed to Frank J. Andrews, Jr.; and

16                  9.2.3.5 Payment of post-confirmation attorneys' fees and costs of the  
Debtor.

17                  9.2.4 Debtor shall be authorized to sell condominium units individually or in  
18 bulk, subject to the requirements of Exhibit 2 hereto.

19                  9.2.5 To provide additional monies to fund the plan, Debtor will obtain a cash  
20 contribution in the amount of not less than \$161,000 in exchange for membership interests in  
Debtor equaling approximately 15% of the ownership interest of the Debtor.

21                  9.3 Retention and Enforcement of Claims. Pursuant to Section 1123(b)(3) of the  
22 Bankruptcy Code, debtor shall retain and hereby expressly reserves the right and discretion to  
prosecute or enforce any and all Claims, including but not limited to causes of action against third  
23 parties under applicable State or Federal law, held by debtor, whether such claims arose or  
accrued before or after the filing date. Without limiting the foregoing, debtor retains all claims,  
24 rights, causes of action that existed prior to the commencement of the Chapter 11 case or any  
causes of actions that might arise under, among other things, Sections 541, 542, 544, 546, 547,  
25 548, 549 or 550 of the Bankruptcy Code.

1                   9.4    Claims for Postpetition Interest, Fees, Costs or Charges. Except as specifically  
2 provided for as part of a claim allowed under the terms of the plan, any claim for interest, fees,  
3 costs, or charges, including attorneys' fees and costs, allowable under Section 506(b) and  
4 accruing after the filing date but before the effective date shall be disallowed unless, on or before  
5 30 days following the effective date, the creditor asserting such claim files a proof of claim  
6 setting forth the amounts claimed accruing up to and including the effective date.

7                   9.5    Post-Confirmation Payment of Professionals. All professionals, including but not  
8 limited to attorneys and accountants, providing post-confirmation services to Debtor shall submit  
9 periodic invoices to debtor. Debtor is authorized to pay such periodic invoices without further  
10 order of the Court.

11                  9.6    Use of Bankruptcy Code Section 1129(b). Debtor, as the proponent of this  
12 Chapter 11 plan, hereby requests pursuant to Section 1129(b) of the Code, that this Court find that  
13 the provisions of this plan provide fair and equitable treatment to and do not unfairly discriminate  
14 against those claimants and interest holders who are impaired under the plan and who elect not to  
15 accept the plan, and that this Court confirm the Plan under the so-called "cram-down" provisions  
16 of the Plan pursuant to 11 U.S.C. §1129(b) notwithstanding the requirement of Section 1129(a)(8)  
17 as to such Claimants.

18                  9.7    Retention of Jurisdiction. Notwithstanding confirmation of this plan or the  
19 effective date having occurred, the Bankruptcy Court shall retain full jurisdiction as provided in  
20 28 U.S.C. §1334 to enforce the provisions, purposes, and intent of this Plan including, without  
21 limitation:

22                  9.7.1    Determination of the allowability and classification of claims and interests  
23 upon objection to such claims and interests;

24                  9.7.2    Determination of requests for payment of Claims entitled to priority under  
25 Section 507(a)(1) of the Bankruptcy Code, including compensation of parties entitled thereto;

26                  9.7.3    Resolution of controversies and disputes regarding interpretation of this  
27 plan;

28                  9.7.4    Implementation of the provisions of this plan and entry of orders in aid of  
29 confirmation, including, without limitation, appropriate orders to protect debtor from creditor  
30 action;

31                  9.7.5    Modification of the plan pursuant to Section 1127 of the Bankruptcy Code;

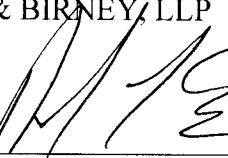
32                  9.7.6    Adjudication of any causes of action, including avoiding powers actions,  
33 brought by debtor;

34                  9.7.7    Entry of a final decree closing this Chapter 11 Case.

1 DATED: June 3, 2009

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WILKE, FLEURY, HOFFELT,  
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By: 

DANIEL L. EGAN  
Attorneys for Debtor  
SUMMERFIELD APARTMENTS IN  
DIXON, LLC

SUMMERFIELD APARTMENTS IN DIXON, LLC

By: 

Frank J. Andrews, Jr., Managing Member

1 DATED: June 3, 2009

WILKE, FLEURY, HOFFELT,  
GOULD & BIRNEY, LLP

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By: \_\_\_\_\_

DANIEL L. EGAN  
Attorneys for Debtor  
SUMMERFIELD APARTMENTS IN  
DIXON, LLC

SUMMERFIELD APARTMENTS IN DIXON, LLC

By: \_\_\_\_\_

Frank J. Andrews, Jr., Managing Member

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BIRNEY, LLP  
ATTORNEYS AT LAW  
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DEBTOR'S PLAN OF REORGANIZATION, DATED JUNE 3, 2009

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3       **EXHIBIT 1**  
4       **(PROJECTIONS)**  
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MEADOWOOD VILLAGE  
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LEASE UP BUDGET 2000 \$

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MEADOWOOD VILLAGE  
Dixon, California  
EASEL IP BUDGET 2009-2010

U.S. GOVERNMENT PRINTING OFFICE: 2003-2012

MEADOWOOD VILLAGE  
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EASE IID BLINDSET 2000

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**MEADOWOOD VILLAGE**  
**Dixon, California**  
**LEASE UP BUDGET 2009-2012**

(revised 5-19-09)

|  | 2009          |               |               | 2009          |               |                | 2009           |                |                | 2010           |               |               | 2010          |              |              | 2010  |       |       |
|--|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|--------------|--------------|-------|-------|-------|
|  | JUN           | JUL           | AUG           | SEP           | OCT           | NOV            | DEC            | JAN            | FEB            | MAR            | APR           | MAY           | JUN           | JUL          | AUG          | JUN   | JUL   | AUG   |
| Capital Contributions Services Accounts 6517, 6537, 6538 & 6540. | 5,245         | 2,745         | 2,995         | 3,395         | 4,145         | 4,545          | 4,145          | 4,145          | 4,145          | 4,145          | 4,145         | 4,545         | 4,220         | 4,220        | 4,220        | 4,220 | 4,220 | 4,220 |
| Capital Contributions CASH                                       |               |               |               | 161,000       |               |                |                |                |                |                |               |               |               |              |              |       |       |       |
| <b>Month End Cash Balance</b>                                    | <b>37,256</b> | <b>25,146</b> | <b>20,624</b> | <b>28,855</b> | <b>47,908</b> | <b>203,318</b> | <b>168,753</b> | <b>147,151</b> | <b>128,247</b> | <b>101,594</b> | <b>53,178</b> | <b>32,669</b> | <b>19,132</b> | <b>3,507</b> | <b>1,791</b> |       |       |       |

This budget is an estimate only and actual income and expenses are subject to change.

NOTE 1      Income from Homeowner's Dues for monthly share of maintenance and service costs

NOTE 2      Costs and Expenses are annualized and divided by 12.



**MEADOWOOD VILLAGE  
Dixon, California  
LEASE UP BUDGET 2009-2010**

Updated 5/29/2009 11:48

MEADOWOOD VILLAGE  
Dixon, California  
LEASE UP BUDGET 2009-2010

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| MEADOWOOD VILLAGE<br>Dixon, California<br>LEASE UP BUDGET 2009-2012 |               |               |               |               |               |               |               |                 |               |               |               | 5/29/2009 11:48 |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|
| Updated 5/29/2009 11:48   |               |               |               |               |               |               |               |                 |               |               |               |                 |               |               |               |
|   |               | 2010          |               | 2010          |               | 2010          |               | 2011            |               | 2011          |               | 2011            |               | 2011          |               |
| SEP   | OCT           | NOV           | DEC           | JAN           | FEB           | MAR           | APR           | MAY             | JUN           | JUL           | AUG           | SEP             | OCT           | NOV           | 2011          |
| 6722 Worker's Compensation  | 277           | 277           | 277           | 277           | 277           | 277           | 277           | 277             | 277           | 277           | 277           | 277             | 277           | 277           | 277           |
| 6721 Fidelity Bond  | -             | -             | 50            | -             | -             | -             | -             | -               | -             | -             | -             | -               | -             | -             | -             |
| 6723 Health Insurance   | 495           | 495           | 495           | 495           | 495           | 495           | 495           | 495             | 495           | 495           | 495           | 495             | 495           | 495           | 495           |
| 6725 Other Insurance  | -             | -             | -             | -             | -             | -             | -             | -               | -             | -             | -             | -               | -             | -             | -             |
| 6719 Misc. Taxes/Licenses   | 175           | 175           | 175           | 175           | 175           | 175           | 175           | 175             | 175           | 175           | 175           | 175             | 175           | 175           | 175           |
| Total Taxes & Insurance   | 3,078         | 3,078         | 26,756        | 3,128         | 3,078         | 3,078         | 3,078         | 88,838          | 3,078         | 3,078         | 3,078         | 3,078           | 3,078         | 3,078         | 3,078         |
| Reserve   | 2,913         | 2,913         | 2,913         | 2,913         | 2,913         | 2,913         | 2,913         | 2,913           | 2,913         | 2,913         | 2,913         | 2,913           | 2,913         | 2,913         | 2,913         |
| <b>TOTAL EXP. BEFORE FINANCIAL</b>                                  | <b>34,585</b> | <b>34,585</b> | <b>57,888</b> | <b>34,260</b> | <b>34,210</b> | <b>34,210</b> | <b>34,210</b> | <b>119,969</b>  | <b>34,585</b> | <b>25,211</b> | <b>25,211</b> | <b>34,548</b>   | <b>34,322</b> | <b>34,322</b> | <b>34,322</b> |
| <b>NET Operating Income</b>   | <b>59,558</b> | <b>59,558</b> | <b>36,255</b> | <b>59,883</b> | <b>59,933</b> | <b>59,933</b> | <b>59,933</b> | <b>(25,826)</b> | <b>59,558</b> | <b>68,932</b> | <b>68,932</b> | <b>59,595</b>   | <b>59,821</b> | <b>59,821</b> | <b>59,821</b> |
| <b>NET Operating Income</b>   | <b>59,558</b> | <b>59,558</b> | <b>36,255</b> | <b>59,883</b> | <b>59,933</b> | <b>59,933</b> | <b>59,933</b> | <b>(25,826)</b> | <b>59,558</b> | <b>68,932</b> | <b>68,932</b> | <b>59,595</b>   | <b>59,821</b> | <b>59,821</b> | <b>59,821</b> |

| Financials   Expense                      |        | Net Cash AFTER Finance and CAPITAL Costs Prior to Contributions |        |
|---|--------|---|--------|
| 6828 [Debt Service - 1st TD P/I           | 33,783 | 33,783  | 33,783 |
| Debt Service - 2nd TD P/I]                |        | 33,783  | 33,783 |
| 6890 Miscellaneous Fin Exp.               |        |   |        |
| Chapter 11 QTRLY FEE                      | 1,950  |   | 1,950  |
| Convenience Class                         |        |   | 1,950  |
| Total Financial Expense                   | 33,783 | 33,783  | 33,783 |
| <b>Less: Curr. Year Capital Additions</b> |        |   |        |
| <b>CONSTRUCTION:</b>                      |        |   |        |
| Interior Paint                            |        |   |        |
| Cabinets & Installation                   |        |   |        |
| Doors, Hard, Base & Install               |        |   |        |
| Flooring                                  |        |   |        |
| Countertops                               |        |   |        |
| Window Coverings                          |        |   |        |
| Plumbing fix & Install                    |        |   |        |
| Appliances & Install                      |        |   |        |
| Misc. Window Repair                       |        |   |        |
| HVAC Therme & Grills                      |        |   |        |
| Misc. Sheetrock Repair                    |        |   |        |
| Unit Final Cleaning                       |        |   |        |
| Electrical                                |        |   |        |
| 1470 Maintenance Equipment                |        |   |        |
| 1486 Floor covering Replacement           |        |   |        |
| 1487 Dryerney Replacement                 |        |   |        |
| 1488 Appliance Replacements               |        |   |        |
| 1489 HVAC Replacements                    |        |   |        |
| 1484 Roof Replacements                    |        |   |        |
| 1430 Building Improvements                |        |   |        |
| 1490 Misc. Fixed Assets                   |        |   |        |
| <b>Total Additions</b>                    |        | -   | -      |

| MEADOWOOD VILLAGE<br>Dixon, California<br>LEASE UP BUDGET 2009-2012 |  |        |        |        |        |         |         |         |         |         |         | Updated | 5/29/2009 11:48 |         |         |         |  |
|---|--|--------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|-----------------|---------|---------|---------|--|
| (revised 5-19-09)   |  |        | 2010   |        |        | 2010    |         |         | 2011    |         |         | 2011    |                 |         | 2011    |         |  |
|   |  | SEP    | OCT    | NOV    | DEC    | JAN     | FEB     | MAR     | APR     | MAY     | JUN     | JUL     | AUG             | SEP     | OCT     | NOV     |  |
| Capital Contributions Services<br>Accounts 6517, 6537, 6538 & 6540. |  | 4,220  | 4,220  | 4,220  | 4,220  | 4,220   | 4,220   | 4,220   | 4,220   | 4,220   | 4,220   | 4,220   | 4,220           | 4,220   | 4,220   | 4,220   |  |
| Capital Contributions CASH  |  |        |        |        |        |         |         |         |         |         |         |         |                 |         |         |         |  |
| Month End Cash Balance  |  | 31,786 | 61,781 | 66,523 | 96,843 | 127,214 | 155,634 | 186,004 | 190,615 | 158,660 | 198,029 | 237,397 | 265,479         | 295,737 | 325,995 | 354,302 |  |

This budget is an estimate only and actual income :

NOTE 1      Income from Homeowner's Dues for  
monthly share of maintenance and service  
costs

NOTE 2      Costs and Expenses are annualized and  
divided by 12.

**MEADOWOOD VILLAGE**  
Dixon, California  
**LEASE UP BUDGET 2009-2012**

(revised 5/19/09)

|                                     |  |               |               |               |               |               |               |               |               | Number of Units: |                |
|-------------------------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|----------------|
|                                     |  | 2012          |               | 2012          |               | 2012          |               | 2012          |               | 36 MONTHS TOTAL  |                |
| INCOME                              |  | DEC.          |               | JAN.          |               | FEB.          |               | MAR.          |               | May              |                |
| <b>*GROSS SCHEDULED RENTS</b>       |  | 97,320        | 97,320        | 97,320        | 97,320        | 97,320        | 97,320        | 97,320        | 97,320        | \$               | -              |
| Rental Income                       |  |               |               |               |               |               |               |               |               | 2,907,140        | 100.00%        |
| 5120 Rental Income                  |  | 90,412        | 90,412        | 90,412        | 90,412        | 90,412        | 90,412        | 90,412        | 90,412        | 2,743,768        | 94.38%         |
| 5165 Promotional Rent               |  | -             | -             | -             | -             | -             | -             | -             | -             | 8,875            | 0.00%          |
| 5123 Rent-Employee Unit             |  | 2,150         | 2,150         | 2,150         | 2,150         | 2,150         | 2,150         | 2,150         | 2,150         | 77,400           | 2.66%          |
| Total Rental Income                 |  | 92,562        | 92,562        | 92,562        | 92,562        | 92,562        | 92,562        | 92,562        | 92,562        | 2,821,168        | 97.04%         |
| Financial Income                    |  |               |               |               |               |               |               |               |               |                  |                |
| 5410 Interest Income                |  | -             | -             | -             | -             | -             | -             | -             | -             | -                | 0.00%          |
| 5490 Misc. Financial Income         |  | -             | -             | -             | -             | -             | -             | -             | -             | -                | 0.00%          |
| Total Financial Income              |  | -             | -             | -             | -             | -             | -             | -             | -             | -                | 0.00%          |
| Other Income                        |  |               |               |               |               |               |               |               |               |                  |                |
| Balance forward                     |  |               |               |               |               |               |               |               |               |                  |                |
| Homeowners Maint. Fees              |  | 307           | 307           | 307           | 307           | 307           | 307           | 307           | 307           | 61,370           | 2.11%          |
| 5920 NSF & Late Charges             |  | 150           | 150           | 150           | 150           | 150           | 150           | 150           | 150           | 11,034           | 0.38%          |
| 5921 Credit Check Fees              |  | 250           | 250           | 250           | 250           | 250           | 250           | 250           | 250           | 3,600            | 0.12%          |
| 5910 Laundry & Vending              |  | 875           | 875           | 875           | 875           | 875           | 875           | 875           | 875           | 8,875            | 0.31%          |
| 5175 Bad Debt Collected             |  | -             | -             | -             | -             | -             | -             | -             | -             | 31,500           | 1.08%          |
| 5190 Misc. Income                   |  | -             | -             | -             | -             | -             | -             | -             | -             | 0                | 0.00%          |
| Total Other Income                  |  | 1,582         | 1,582         | 1,582         | 1,582         | 1,582         | 1,582         | 1,582         | 1,582         | 116,379          | 4.00%          |
| <b>TOTAL INCOME</b>                 |  | <b>94,143</b> | <b>2,937,547</b> | <b>100.00%</b> |
| <b>EXPENSES</b>                     |  |               |               |               |               |               |               |               |               |                  |                |
| Renting Expenses                    |  |               |               |               |               |               |               |               |               |                  |                |
| 6210 Advertising                    |  | 575           | 575           | 575           | 575           | 575           | 575           | 575           | 575           | 27,700           | 0.95%          |
| 6251 Commissions & Referrals        |  | 200           | 200           | 200           | 200           | 200           | 200           | 200           | 200           | 9,200            | 0.32%          |
| 6250 Promotional Expense            |  | -             | -             | -             | -             | -             | -             | -             | -             | 7,325            | 0.25%          |
| 6253 Furniture Rental               |  | -             | -             | -             | -             | -             | -             | -             | -             | 0                | 0.00%          |
| 6252 Credit Checks                  |  | 250           | 250           | 250           | 250           | 250           | 250           | 250           | 250           | 8,875            | 0.31%          |
| Total Renting Expense               |  | 1,025         | 1,025         | 1,025         | 1,025         | 1,025         | 1,025         | 1,025         | 1,025         | 53,100           | 1.83%          |
| Administrative Expense              |  |               |               |               |               |               |               |               |               |                  |                |
| 6311 Office Supplies                |  | 125           | 125           | 125           | 125           | 125           | 125           | 125           | 125           | 5,025            | 0.17%          |
| 6316 Office Equip./Repair           |  | 25            | 25            | 25            | 25            | 25            | 25            | 25            | 25            | 900              | 0.03%          |
| 6320 Management Fees                |  | 3,651         | 3,651         | 3,651         | 3,651         | 3,651         | 3,651         | 3,651         | 3,651         | 129,639          | 4.66%          |
| 6330 Resident Manager's Salary      |  | 2,850         | 2,850         | 2,850         | 2,850         | 2,850         | 2,850         | 2,850         | 2,850         | 104,400          | 3.59%          |
| 6331 Employee's Ap'l Allowance      |  | 2,250         | 2,250         | 2,250         | 2,250         | 2,250         | 2,250         | 2,250         | 2,250         | 8,100            | 2.79%          |
| 6332 Administrative Fees            |  | 72            | 72            | 72            | 72            | 72            | 72            | 72            | 72            | 2,922            | 0.09%          |
| 6340 Legal Expense                  |  | 50            | 50            | 50            | 50            | 50            | 50            | 50            | 50            | 1,200            | 0.04%          |
| 6330 Auditing Fees                  |  | -             | -             | -             | -             | -             | -             | -             | -             | 0                | 0.00%          |
| 6351 Bookkeeping/Accouting Fees     |  | -             | -             | -             | -             | -             | -             | -             | -             | 0                | 0.00%          |
| 6360 Telephone                      |  | 275           | 275           | 275           | 275           | 275           | 275           | 275           | 275           | 9,900            | 0.34%          |
| 6365 Postage & Messenger            |  | 15            | 15            | 15            | 15            | 15            | 15            | 15            | 15            | 540              | 0.02%          |
| 6370 Bad Debts                      |  | -             | -             | -             | -             | -             | -             | -             | -             | 0                | 0.00%          |
| 6380 Meetings & Training            |  | 45            | 45            | 45            | 45            | 45            | 45            | 45            | 45            | 1,080            | 0.04%          |
| 6390 Misc. Administration Exp       |  | 15            | 15            | 15            | 15            | 15            | 15            | 15            | 15            | 360              | 0.01%          |
| Total Administrative Expense        |  | 9,373         | 9,373         | 9,373         | 9,373         | 9,373         | 9,373         | 9,373         | 9,373         | 295,367          | 10.30%         |
| Utility Expenses                    |  |               |               |               |               |               |               |               |               |                  |                |
| 6458 Electricity - Vacant Units/Emp |  | 250           | 250           | 250           | 250           | 250           | 250           | 250           | 250           | 5,000            | 0.31%          |
| 6459 Gas - Vacant Units/Emp         |  | 45            | 45            | 45            | 45            | 45            | 45            | 45            | 45            | 1,620            | 0.06%          |
| 6450 Electricity                    |  | 835           | 835           | 835           | 835           | 835           | 835           | 835           | 835           | 30,060           | 1.03%          |
| 6451 Water                          |  | 3,275         | 3,275         | 3,275         | 3,275         | 3,275         | 3,275         | 3,275         | 3,275         | 117,900          | 4.06%          |
|                                     |  |               |               |               |               |               |               |               |               |                  | 1167           |

Note 1

**MEADOWOOD VILLAGE**  
Dixon, California  
**LEASE UP BUDGET 2009-2012**

(revised 5-19-09)

|                                  |              |              |              |              |              |              | Number of Units: 101 |                 |              |               |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------------|-----------------|--------------|---------------|
|                                  | DEC.         | JAN.         | FEB.         | MAR.         | APR.         | MAY          | 2012                 | 36 MONTHS TOTAL | % TO INCOME  | PER UNIT COST |
| 64521 Gas                        | 255          | 255          | 255          | 255          | 255          | 255          | 255                  | 255             | 0.32%        | 91            |
| 64531 Sewer                      | 2,650        | 2,650        | 2,650        | 2,650        | 2,650        | 2,650        | 2,650                | 2,650           | 0.28%        | 945           |
| <b>Total Utility Expense</b>     | <b>7,310</b>         | <b>263,160</b>  | <b>9.05%</b> | <b>2606</b>   |
| <b>Operating Expenses</b>        |              |              |              |              |              |              |                      |                 |              |               |
| 65151 Cleaning Supplies          | 10           | 10           | 10           | 10           | 10           | 10           | 10                   | 10              | 0.01%        | 4             |
| 64451 Automobile Expense         | 15           | 15           | 15           | 15           | 15           | 15           | 15                   | 15              | 0.02%        | 5             |
| 6519 Exterminating Contract      | 250          | 250          | 250          | 250          | 250          | 250          | 250                  | 250             | 0.31%        | 89            |
| 6520 Exterminating Supplies      | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65251 Carpet & Trash Removal     | 3,325        | 3,325        | 3,325        | 3,325        | 3,325        | 3,325        | 3,325                | 3,325           | 3.83%        | 1103          |
| 65291 Antenna Repair             | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65471 Swimming Pool Maintenance  | 175          | 175          | 175          | 175          | 175          | 175          | 175                  | 175             | 0.22%        | 62            |
| 65481 Sweeping Contract          | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 64801 Cable Television           | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| <b>Total Operating Expense</b>   | <b>3,775</b>         | <b>127,590</b>  | <b>4.39%</b> | <b>1263</b>   |
| <b>Maintenance Expenses</b>      |              |              |              |              |              |              |                      |                 |              |               |
| 65511 Security - Contracted      | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65310 Security - Payroll         | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65321 Fire Extinguishers         | -            | -            | -            | -            | -            | -            | -                    | -               | 0.01%        | 4             |
| 65331 Locks/Keys                 | 10           | 10           | 10           | 10           | 10           | 10           | 10                   | 10              | 0.01%        | 4             |
| 65351 Grounds - Payroll          | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65361 Grounds - Supplies         | 10           | 10           | 10           | 10           | 10           | 10           | 10                   | 10              | 0.01%        | 4             |
| 65371 Grounds - Contract         | 1,450        | 1,450        | 1,450        | 1,450        | 1,450        | 1,450        | 1,450                | 1,450           | 0.01%        | 4             |
| 65171 Cleaning - Contracted      | 45           | 45           | 45           | 45           | 45           | 45           | 45                   | 45              | 0.06%        | 16            |
| 65101 Cleaning - Payroll         | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65401 Repairs Payroll            | 2,650        | 2,650        | 2,650        | 2,650        | 2,650        | 2,650        | 2,650                | 2,650           | 0.22%        | 89            |
| 65411 Repairs Material           | 345          | 345          | 345          | 345          | 345          | 345          | 345                  | 345             | 0.38%        | 110           |
| 65521 Carpet Maintenance         | 35           | 35           | 35           | 35           | 35           | 35           | 35                   | 35              | 0.04%        | 10            |
| 65461 Heating Repairs            | -            | -            | -            | -            | -            | -            | -                    | -               | 0.06%        | 16            |
| 65511 A/C Maintenance            | 500          | 500          | 500          | 500          | 500          | 500          | 500                  | 500             | 0.41%        | 119           |
| 65441 Plumbing Repairs           | 200          | 200          | 200          | 200          | 200          | 200          | 200                  | 200             | 0.25%        | 71            |
| 65431 Appliance Repairs          | 85           | 85           | 85           | 85           | 85           | 85           | 85                   | 85              | 0.07%        | 20            |
| 65621 Drapes Maintenance         | 95           | 95           | 95           | 95           | 95           | 95           | 95                   | 95              | 0.08%        | 23            |
| 65391 Paving                     | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65611 Painting Supplies          | 225          | 225          | 225          | 225          | 225          | 225          | 225                  | 225             | 0.19%        | 53            |
| 65581 Exterior Painting          | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65591 Painting/Wall Covering     | 750          | 750          | 750          | 750          | 750          | 750          | 750                  | 750             | 0.62%        | 173           |
| 65631 Roof Repairs & Maint       | 175          | 175          | 175          | 175          | 175          | 175          | 175                  | 175             | 0.14%        | 42            |
| 65601 Decorating Payroll         | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65421 Repairs Contract           | 295          | 295          | 295          | 295          | 295          | 295          | 295                  | 295             | 0.24%        | 70            |
| 65338 Grounds Improvement        | 75           | 75           | 75           | 75           | 75           | 75           | 75                   | 75              | 0.19%        | 55            |
| 65168 Glass & Screen             | 35           | 35           | 35           | 35           | 35           | 35           | 35                   | 35              | 0.19%        | 8             |
| 65491 Electrical/Lights          | 95           | 95           | 95           | 95           | 95           | 95           | 95                   | 95              | 0.13%        | 29            |
| 65501 Signs                      | 35           | 35           | 35           | 35           | 35           | 35           | 35                   | 35              | 0.10%        | 23            |
| 65701 Vehicle/Equip Repairs      | -            | -            | -            | -            | -            | -            | -                    | -               | 0.08%        | 0             |
| 65801 Towing                     | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| 65901 Misc Op & Maint Expense    | -            | -            | -            | -            | -            | -            | -                    | -               | 0.00%        | 0             |
| <b>Total Maintenance Expense</b> | <b>7,110</b>         | <b>228,825</b>  | <b>7.37%</b> | <b>2266</b>   |
| <b>Taxes &amp; Insurance</b>     |              |              |              |              |              |              |                      |                 |              |               |
| 67101 Property Taxes             | 23,678       | -            | -            | -            | -            | -            | 23,678               | 118,390         | 4.07%        | 1172          |
| 67111 Payroll Taxes              | 756          | 756          | 756          | 756          | 756          | 756          | 756                  | 26,758          | 0.32%        | 265           |
| Back Property Taxes              | -            | -            | -            | -            | -            | -            | -                    | -               | -            | -             |
| 67201 Property/Lab/Flood Ins     | 1,113        | 1,113        | 1,113        | 1,113        | 1,113        | 1,113        | 1,113                | 62,081          | 1.61%        | 464           |

**MEADOWOOD VILLAGE**  
**Dixon California**  
**LEASE UP BUDGET 2009-2012**

(Revised 5-19-09)

|  |  |               |               |               |               |               |               |               |                | Number of Units: 101 |                  |
|--|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------------|------------------|
|  |  | 2012          |               | 2012          |               | 2012          |               | 2012          |                |                      |                  |
|  |  | DEC           | JAN           | FEB           | MAR           | APR           | MAY           | JUN           | JUL            | 36 MONTHS TOTAL      | % TO INCOME COST |
| 6722 Worker's Compensation   |  | 277           | 277           | 277           | 277           | 277           | 277           | 277           | 277            | 9,845                | 0.34%            |
| 6721 Fidelity Bond   |  | -             | 50            | -             | -             | -             | -             | -             | -              | 150                  | 0.01%            |
| 6723 Health Insurance  |  | 495           | 495           | 495           | 495           | 495           | 495           | 495           | 495            | 17,820               | 0.61%            |
| 6729 Other Insurance   |  | -             | -             | -             | -             | -             | -             | -             | -              | -                    | 0.00%            |
| 6719 Misc. Taxes/Licenses  |  | 175           | 175           | 175           | 175           | 175           | 175           | 175           | 175            | 6,300                | 0.22%            |
| Total Taxes & Insurance  |  | 26,494        | 2,816         | 2,866         | 2,816         | 2,6494        | 2,816         | 2,816         | 2,816          | 288,218              | 9.91%            |
| Reserve  |  | 2,913         | 2,913         | 2,913         | 2,913         | 2,913         | 2,913         | 2,913         | 2,913          | 104,868              | 3.61%            |
| <b>TOTAL EXP. BEFORE FINANCIAL</b>                                     |  | <b>58,900</b> | <b>34,322</b> | <b>34,372</b> | <b>34,322</b> | <b>48,627</b> | <b>24,949</b> | <b>24,949</b> | <b>24,949</b>  | <b>1,365,129</b>     | <b>46.96%</b>    |
| <b>NET Operating Income</b>  |  | <b>36,143</b> | <b>59,821</b> | <b>59,771</b> | <b>59,821</b> | <b>45,516</b> | <b>69,194</b> | <b>69,194</b> | <b>69,194</b>  | <b>1,572,418</b>     | <b>54.09%</b>    |
| <b>NET Operating Income</b>  |  | <b>36,143</b> | <b>59,821</b> | <b>59,771</b> | <b>59,821</b> | <b>45,516</b> | <b>69,194</b> | <b>69,194</b> | <b>69,194</b>  | <b>1,572,418</b>     | <b>54.09%</b>    |
| <b>Financial Expense</b>   |  |               |               |               |               |               |               |               |                |                      |                  |
| 6828 Debt Service - 1st TD P71   |  | 33,783        | 33,783        | 33,783        | 33,783        | 33,783        | 33,783        | 33,783        | 33,783         | 709,441              | 24.40%           |
| Debt Service - 2nd TD P71  |  |               |               |               |               |               |               |               |                | -                    |                  |
| 6890 Miscellaneous Fin Exp.  |  |               |               |               |               |               |               |               |                | -                    |                  |
| Chapter 11 QTRLY FEE   |  |               |               |               |               |               |               |               |                | -                    |                  |
| Convenience Class  |  |               |               |               |               |               |               |               |                | -                    |                  |
| Total Financial Expense  |  | 33,783        | 33,783        | 35,733        | 33,783        | 33,783        | 33,783        | 33,783        | 33,783         | 30,225               | 1.04%            |
| <b>Less: Curr. Year Capital Additions</b>                              |  |               |               |               |               |               |               |               |                |                      |                  |
| <b>CONSTRUCTION:</b>   |  |               |               |               |               |               |               |               |                |                      |                  |
| Interior Paint   |  |               |               |               |               |               |               |               |                | 73,336               | 0.00%            |
| Cabinets & Installation  |  |               |               |               |               |               |               |               |                | 73,336               | 2.54%            |
| Door, Hard, Base & Install   |  |               |               |               |               |               |               |               |                | 87,312               | 3.00%            |
| Flooring   |  |               |               |               |               |               |               |               |                | 82,76                | 2.83%            |
| Countertops  |  |               |               |               |               |               |               |               |                | 137,388              | 4.73%            |
| Window Coverings   |  |               |               |               |               |               |               |               |                | 37,236               | 1.28%            |
| Plumbing fix & Install   |  |               |               |               |               |               |               |               |                | 19,260               | 0.66%            |
| Appliances & Install   |  |               |               |               |               |               |               |               |                | 63,044               | 2.17%            |
| Misc. Window Repair  |  |               |               |               |               |               |               |               |                | 57,312               | 1.97%            |
| HVAC Thermo & Grills   |  |               |               |               |               |               |               |               |                | 350                  | 0.01%            |
| Misc. Sheetrock Repair   |  |               |               |               |               |               |               |               |                | 17,976               | 0.62%            |
| Unit Final Cleaning  |  |               |               |               |               |               |               |               |                | 7,704                | 0.27%            |
| Electrical   |  |               |               |               |               |               |               |               |                | 10,914               | 0.38%            |
| Maintenance Equipment  |  |               |               |               |               |               |               |               |                | 43,019               | 1.48%            |
| 1486 Floor covering Replacement  |  |               |               |               |               |               |               |               |                | -                    | 0.00%            |
| 1487 Drapery Replacement   |  |               |               |               |               |               |               |               |                | -                    | 0.00%            |
| 1488 Appliance Replacements  |  |               |               |               |               |               |               |               |                | -                    | 0.00%            |
| 1489 HVAC Replacements   |  |               |               |               |               |               |               |               |                | -                    | 0.00%            |
| 1484 Roof Replacements   |  |               |               |               |               |               |               |               |                | -                    | 0.00%            |
| 1430 Building Improvements   |  |               |               |               |               |               |               |               |                | -                    | 0.00%            |
| 1490 Misc. Fixed Assets  |  |               |               |               |               |               |               |               |                | -                    | 0.00%            |
| <b>Total Additions</b>   |  |               |               |               |               |               |               |               |                |                      |                  |
|  |  |               |               |               |               |               |               |               |                | 637,527              | 21.93%           |
|  |  |               |               |               |               |               |               |               |                | 6312                 |                  |
| <b>NET Cash AFTER Finance and CAPITAL Costs Prior to Contributions</b> |  | <b>2,360</b>  | <b>26,038</b> | <b>24,038</b> | <b>26,038</b> | <b>11,733</b> | <b>33,461</b> | <b>33,461</b> | <b>192,669</b> | <b>6.63%</b>         | <b>1908</b>      |













**MEADOWOOD VILLAGE**  
Dixon, California

5/29/2009 11:28

LEASE UP BUDGET 2009-2012

(Period 5/31-9/30)

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**EXHIBIT 2**  
**(RELEASE PROVISIONS)**

## Definitions

1. The following definitions shall apply to this Exhibit 2.

**“Lender”** shall mean Bank of Sacramento and its loan participant, Pacific Coast Bankers’ Bank.

**“Ready Units”** shall have the meaning ascribed in that certain Loan Modification Agreement dated as of September 2, 2008 between Debtor and Lender.

“Trustee” shall have the meaning ascribed to it in that certain Loan Modification Agreement dated as of September 2, 2008 between Debtor and Lender.

**“Deeds of Trust”** shall have the meaning ascribed to it in that certain Loan Modification Agreement dated as of September 2, 2008 between Debtor and Lender.

**“Loans”** shall mean the Class 2(b) claim, until paid in full, and then the Class 2(c) claim.

**“Maturity Date”** shall mean April 1, 2012.

**“Security Interest”** shall mean April 1, 2012

**“Borrower”** shall mean Debtor Summerfield Apartments in Dixon, LLC

**“Event of Default”** means a default under the terms of the Debtor’s Plan of Reorganization dated June 3, 2009.

[Paragraphs 2-4 Intentionally Omitted.]

5. **SALE OF UNITS.** Borrower may sell the Ready Units; the Lender shall partially reconvey or cause the Trustee partially to reconvey the liens of the Deeds of Trust on the Ready Units so sold; and the net proceeds of such sales shall be applied to the Loans, all as set forth in this Section 5 (Sale of Units).

## 5.1 Intentionally Omitted.

## 5.2 Intentionally Omitted.

5.3 Minimum Release Prices. For each Ready Unit, the “**Minimum Release Price**” for such unit shall be based on its size, type, and location, as follows:

| Number | Size  | Type      | Location              | Minimum Release Price |
|--------|-------|-----------|-----------------------|-----------------------|
| 15     | Large | Converted | 450 Ellesmere         | \$85,000              |
| 16     | Large | Updated   | 460 Ellesmere         | \$85,000              |
| 8      | Large | Converted | 410 Ellesmere         | \$85,000              |
| 6      | Small | Converted | 410 Ellesmere         | \$75,000              |
| 16     | Large | Updated   | 400 and 440 Ellesmere | \$85,000              |

1 Nothing in the foregoing to the contrary notwithstanding, the Lender may agree, in its discretion, to  
2 accept as the Minimum Release Price for a Ready Unit an amount that is less than the amount set  
forth in the foregoing table and, in such case, such amount shall be the Minimum Release Price  
for such Ready Unit.

3 **5.4 Partial Releases.**

4  
5 5.4.1. At anytime prior to the Maturity Date, the Lender shall, at the Borrower's request,  
6 issue or cause the Trustee to issue partial reconveyances of Ready Units from the Security Interest  
7 (including the liens of the Deeds of Trust) for sales of Ready Units by an Auction or Broker Sale,  
provided that all of the following conditions are satisfied at the time of and with respect to each  
such partial reconveyance.

8 (1) The Borrower shall deliver to the Lender a written request for such partial  
9 reconveyance and all information pertinent thereto, including identification of the Ready Unit for  
10 which such partial reconveyance is requested and a copy of the purchase and sale contract  
11 pertaining thereto, not later than twenty-five (25) days prior to the date on which the Borrower  
12 desires such partial reconveyance, and, thereafter, as the same becomes available, all additional  
13 information pertinent thereto, including amounts of anticipated Auctioneer, Broker, or  
14 cooperating broker commissions, escrow, closing, recording, and title insurance costs that are to  
15 be paid by the Borrower in connection with the sale thereof and copies of estimated closing or  
16 settlement statements;

17 (2) No Event of Default exists or would exist with the giving of notice or the  
18 passage of time;

19 (3) Except to the extent that the same are paid through escrow out of the Gross  
20 Sale Price (Defined in Section 5.4.1(5) below), the Lender shall have been paid, in immediately  
21 available funds (by wire transfer if the Lender shall so require), all out-of-pocket costs and  
22 expenses reasonably incurred by the Lender in connection with such partial reconveyance,  
23 including Trustee's, escrow, closing, and recording costs and the costs of preparing and  
24 delivering such partial reconveyance and of any title insurance endorsements required by the  
25 Lender in connection therewith (for each Ready Unit being sold, such costs and expenses,  
26 collectively, the "**Lender Reconveyance Costs**");

27 (4) Such partial reconveyance shall be requested and issued only in connection  
28 with a bona fide, arm's length, all cash sale of the Ready Unit for which such partial  
reconveyance is requested.

29 (5) The Lender shall have been paid, in immediately available funds (by wire  
30 transfer if the Lender shall so require), the entire consideration paid by or on behalf of the  
31 purchaser of the Ready Unit for which such partial reconveyance is requested (for each Ready  
32 Unit being sold, such consideration, the "**Gross Sale Price**") less only (i) the Permitted  
33 Commission (defined in Section 5.5 (Permitted Commissions) below); (ii) the Permitted  
34 Incentives (defined in Section 5.6 (Permitted Incentives) below); (iii) the actual, customary and  
35 reasonable seller's escrow, closing, recording, and title insurance costs that are paid by the  
36 Borrower in connection with the sale thereof (including all escrow, closing and recording costs,  
37 and the costs of any title insurance endorsements required by the Lender in connection with such  
38 partial reconveyance) (for each Ready Unit being sold, such costs, the "**Seller's Costs**"); and (iv)  
39 the Lender Reconveyance Costs that are paid through escrow (the Gross Sale Price less the  
40 Permitted Commission, the Permitted Incentives, the Seller's Costs, and, to the extent paid  
41 through escrow, the Lender Reconveyance Costs, the "**Net Sale Proceeds**"), provided, however,  
42 that in no event shall such partial reconveyance be requested or issued if the Net Sale Proceeds of  
43 the Ready Unit for which such partial reconveyance is requested is less than the Minimum  
44 Release Price for such Ready Unit;

1  
2       (6) Both the Ready Unit for which such partial reconveyance is requested and  
3 all of the Real Property remaining subject to the Security Interest of the Security Agreement shall  
4 be "legal units or lots" under the Subdivision Map Act of the State of California and all other  
applicable statutes, ordinances, rules, and regulations of all governmental authorities having  
jurisdiction over the Real Property;

5       (7) The Borrower shall have caused to be executed and recorded in the Official  
6 Records such reciprocal easement agreements, declarations of covenants, conditions, and  
7 restrictions, or other agreements, the effect of which is to burden the Ready Unit for which such  
partial reconveyance is requested with rights of, *inter alia*, access, ingress, and egress, for the  
benefit of the balance of the Complex (whether theretofore reconveyed or not) as the Lender shall  
require, in such form and contents as shall be reasonably satisfactory to the Lender; and

8  
9       5.4.2. Neither the acceptance of any payment nor the issuance of any partial  
10 reconveyance by the Lender shall affect the Borrower's obligation to pay or repay other amounts  
11 that are to be paid or repaid pursuant to the Debtor's Plan of Reorganization dated June 3, 2009 as  
12 and when the same become due. Nothing to the contrary contained herein notwithstanding, the  
Lender shall not obligated to issue a partial reconveyance for any Units other than the Ready  
Units until the Borrower shall have paid all amounts due and satisfied all other obligations of the  
Borrower under the Debtor's Plan of Reorganization dated June 3, 2009.

13       5.5 **Permitted Commissions.** With respect to the sale of a Ready Unit, the "**Permitted**  
14 **Commission**" for such Ready Unit shall be the lesser of (i) the aggregate of the actual  
commissions requested by the Broker, and, if there is one, the Cooperating Broker (defined in  
Section 5.5.1 below), and, in each case, agreed to by the Borrower; and (ii) the applicable one of  
the following:

15       5.5.1. If a Ready Unit is sold without the purchaser thereof being represented by a  
16 cooperating broker (such a broker, a "**Cooperating Broker**") that, in the case of a sale of such  
Ready Unit by Auction, has registered with the Auctioneer prior to the commencement of the  
Auction, or, in the case of a sale of such Ready Unit, four percent (4%) of the Gross Sale Price;  
and

17       5.5.2. If a Ready Unit is sold with the purchaser thereof being represented by a  
18 Cooperating Broker, six percent (6%) of the Gross Sale Price, divided between the Broker, as the  
case may be, and the Cooperating Broker, as the former, the latter, and the Borrower shall agree.

19       5.6 Intentionally Omitted.

20       5.7 **Application of Net Sale Proceeds.** Until the Class 2(b) and Class 2(c) allowed claims  
21 shall have been indefeasibly paid in full, all Net Sale Proceeds shall be applied to the Class 2(b)  
22 and Class 2(c) allowed claims out of the escrow for the sale of each Ready Unit.